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If you have sold or transferred all your shares in Sino Prosper (Group) Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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SINO PROSPER (GROUP) HOLDINGS LIMITED

中盈(集團)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 766)

**(1) CONNECTED TRANSACTION
IN RELATION TO
REDEMPTION OF CONVERTIBLE BONDS BY WAY OF ISSUANCE
OF CONVERTIBLE PREFERENCE SHARES; AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser to the Company

MESSIS  **大有融資**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

VEDA | CAPITAL
智略資本

A letter from the Board is set out on pages 4 to 15 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 16 to 17 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 31 of this circular.

A notice of an extraordinary general meeting of the Company (the “EGM”) to be held at 10:00 a.m. on Tuesday, 17 April 2018 at Room 802, 8/F, Lippo Centre, Tower 2, 89 Queensway, Admiralty, Hong Kong is set out on pages 37 to 39 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Securities Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event no later than Sunday, 15 April 2018 at 10:00 a.m. (Hong Kong Time). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

7 March 2018

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“Announcement”	the announcement of the Company dated 12 February 2018 in relation to, among others, the Redemption and the transactions contemplated thereunder
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder”	Mr. Leung Ngai Man, the chairman and an executive Director and the beneficial owner of 398,536,002 Shares as at the Latest Practicable Date
“Business Day”	any day on which the Stock Exchange is open for securities dealings
“Company”	Sino Prosper (Group) Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Shares”	new Shares to be issued upon conversion of the Convertible Preference Shares
“Convertible Bonds”	the convertible bonds due 11 October 2018 issued by the Company on 11 October 2013 to the Bondholder in the outstanding principal amount of HK\$97,165,000 which are convertible into 262,608,108 conversion shares of the Company upon full conversion
“Convertible Preference Shares”	971,650,000 non-redeemable and convertible preference shares to be issued to the Bondholder under the Redemption Notice
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Redemption and the transactions contemplated thereunder

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee established by the Company comprising all the three independent non-executive Directors, namely Ms. Xuan Hong, Mr. Cai Wei Lun and Mr. Zhang Qingkui, to advise the Independent Shareholders in connection with the Redemption and the transactions contemplated thereunder in accordance with the Listing Rules
“Independent Financial Adviser”	Veda Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Redemption and the transactions contemplated thereunder and is a corporation licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity for the purposes of the SFO
“Independent Shareholders”	the Shareholders other than the Bondholder and its associates who are required to abstain from voting at the EGM pursuant to the Listing Rules
“Issuance”	the issuance of Convertible Preference Shares to the Bondholder pursuant to the Redemption Notice
“Issue Price”	the issue price of HK\$0.10 per Convertible Preference Share pursuant to the Redemption Notice
“Latest Practicable Date”	2 March 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	12 May 2018 (or such later date as the Bondholder may decide)

DEFINITIONS

“PRC”	the People’s Republic of China
“Redemption”	the early redemption of the whole of the outstanding principal amount of the Convertible Bonds in consideration of the Issuance
“Redemption Notice”	the redemption notice dated 12 February 2018 served by the Company to the Bondholder in relation to the Redemption
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM for the allotment and issue of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



SINO PROSPER (GROUP) HOLDINGS LIMITED
中盈(集團)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 766)

Executive Directors:

Mr. Leung Ngai Man (*Chairman*)

Ms. Wong Li Fong

Independent non-executive Directors:

Ms. Xuan Hong

Mr. Cai Wei Lun

Mr. Zhang Qingkui

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 802, 8/F, Lippo Centre

Tower 2, 89 Queensway, Admiralty

Hong Kong

7 March 2018

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RELATION TO
REDEMPTION OF CONVERTIBLE BONDS BY WAY OF ISSUANCE
OF CONVERTIBLE PREFERENCE SHARES**

INTRODUCTION

As disclosed in the Announcement, the Company has served and the Bondholder has accepted the Redemption Notice in relation to the Redemption in the principal amount of HK\$97,165,000 by way of issuance of 971,650,000 Convertible Preference Shares which constitutes a connected transaction of the Company under Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the Redemption and the transactions contemplated thereunder; (ii) the recommendation letter of the Independent Board Committee to the Independent Shareholders in respect of the Redemption and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Redemption and the transactions contemplated thereunder; and (iv) the notice convening the EGM at which ordinary resolution will be proposed, among other things, for the Independent Shareholders to consider and, if thought fit, approve the Redemption and the transactions contemplated thereunder and the grant of the Specific Mandate.

THE REDEMPTION NOTICE

On 12 February 2018 (after trading hours), the Company has served the Redemption Notice for its intention to redeem the whole of the outstanding principal amount of HK\$97,165,000 of the Convertible Bonds held by the Bondholder, in consideration of the issuance of 971,650,000 Convertible Preference Shares. On the same day, the Bondholder has accepted the Redemption Notice.

The Bondholder is a substantial Shareholder, the chairman of the Company and an executive Director who held approximately 26.28% of the total issued share capital of the Company as at the Latest Practicable Date and therefore is a connected person of the Company.

Subject to the fulfilment of the conditions precedent as mentioned below, the Convertible Bonds will be early redeemed by the Company by way of the issuance and allotment of 971,650,000 Convertible Preference Shares to the Bondholder.

CONVERTIBLE PREFERENCE SHARES

Issue Price

The Issue Price of HK\$0.10 per Convertible Preference Share was arrived at arm's length negotiation between the Bondholder and the Company with reference to the prevailing market price of the Shares. The Issue Price represents:

- (i) a discount of approximately 9.9% over the closing price of HK\$0.111 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 13.6% over the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on 12 February 2018, the date of the Redemption Notice and the Announcement;

LETTER FROM THE BOARD

- (iii) a premium of approximately 8.7% over the average closing price of HK\$0.092 per Share as quoted on the Stock Exchange for the last five trading days up to and including 9 February 2018, the last trading day immediately preceding the date of the Redemption Notice; and
- (iv) equal to the average closing price of HK\$0.100 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 9 February 2018, the last trading day immediately preceding the date of the Redemption Notice.

Given the Issue Price was set with reference to the market price of the Shares, the Directors consider that the Issue Price is fair and reasonable under the present market conditions. The Directors are also of the view that the Issuance is in the interest of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Issuance is conditional upon the following conditions being fulfilled (or being waived by the Bondholder in writing) at or before the Long Stop Date:

- (i) the current listing of the Shares not having been cancelled or withdrawn, the Shares continuing to be traded on the Main Board of the Stock Exchange at all times from the date of the Redemption Notice to the completion of Issuance (save for any temporary suspension pending the publication of the Announcement or such other period as the Bondholder may agree) and neither the Stock Exchange or the SFC having indicated that either one of them shall qualify, object to, cancel or withdraw such listing and/or dealings in the Shares for reasons related to or arising from the transactions contemplated thereunder;
- (ii) the passing of the necessary resolutions by the Independent Shareholders at the EGM approving the Redemption and the transactions contemplated thereunder, including the issue of the Convertible Preference Shares and the Conversion Shares;
- (iii) the Listing Committee having granted the listing of and permission to deal in, all of the Conversion Shares to be issued upon conversion of the Convertible Preference Shares and such approval and granting of permission not having been withdrawn or revoked;
- (iv) the obtaining by all the relevant governmental or regulatory authorities or other third parties of necessary consents, approvals or waivers to effect the Redemption and the transactions contemplated therein;

LETTER FROM THE BOARD

- (v) the warranties contained in the Redemption Notice remaining true, accurate and not misleading in all material aspects;
- (vi) no breach of representation, warranty or undertaking by the Company under the Redemption Notice;
- (vii) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation of the transactions contemplated under the Redemption Notice; and
- (viii) no statute, regulation, or decision which would prohibit or restrict the execution, delivery or performance of the Redemption Notice.

In the event that any of the conditions of the Issuance is not fulfilled (or being waived by the Bondholder) on or before the Long Stop Date, the Redemption Notice shall become null and void and cease to have any effect and none of the Company and the Bondholder shall have any claims against the other in respect of the Issuance save for liabilities for any antecedent breaches of the Redemption Notice. Under mutual consensus between the Company and the Bondholder, the Bondholder shall not waive the conditions which involve requirements under any relevant rules and regulations (including the Listing Rules), approvals by any regulatory authorities (including the Stock Exchange) and/or orders issued by any court of competent jurisdiction.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Completion

Completion of the Issuance will take place on the seventh Business Day following the date on which the fulfillment of all the conditions of the Issuance, or as the case may be, waived by the Bondholder.

Principal terms

The principal terms of the Convertible Preference Shares are as follows:

- Issue and payment : Subject to the passing of the relevant resolution at the EGM, all the Convertible Preference Shares shall be issued on the issue date, credited as fully paid for the consideration.
- Dividend : The Convertible Preference Shares shall confer on the holders thereof the right to receive out of the funds of the Company available for distribution before the ordinary Shareholders.

LETTER FROM THE BOARD

- Return of capital : On a return of capital on liquidation or otherwise, the Convertible Preference Shares shall confer on the holder(s) the right to be paid, in priority to any return to assets in respect of any other class of shares in the capital of the Company, pari pasu as between themselves an amount equal to the aggregate Issue Price of the Convertible Preference Shares.
- Transferability : The Convertible Preference Shares shall be transferrable.
- Voting rights : Holder(s) of the Convertible Preference Shares shall not be entitled to vote at any general meeting of the Company, unless a resolution is to be proposed for winding up the Company or a resolution is to be proposed which if passed would vary the rights or privileges of the holder(s) of the Convertible Preference Shares.
- Conversion : The Convertible Preference Shares shall be convertible into one Conversion Share within 5 Business Days by such holder serving the written notice to the Company at any time after issuance without the payment of any additional consideration.
- Such conversion by the Company shall be subject to the following conditions: (i) immediately after such conversion, the public float of the Shares remains above the minimum public float requirements stipulated under the Listing Rules; and (ii) to the extent that following such conversion, the relevant holder(s) of the Convertible Preference Shares and parties acting in concert with it, taken together, shall not directly or indirectly, control or be interested in 30% or more of the entire issue capital of the Company or otherwise trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.
- Listing : The Convertible Preference Shares shall not be listed on any stock exchange. However, an application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

LETTER FROM THE BOARD

On the assumption that all of the Convertible Preferred Shares are converted into Shares, the Conversion Shares represent approximately 64.08% of the total number of Shares in issue as at the Latest Practicable Date, and approximately 39.06% of the total number of Shares in issue as enlarged by the issue of the Conversion Shares.

The Conversion Shares have an aggregate nominal value of approximately HK\$9,716,500 and a market value of approximately HK\$85,505,200 and HK\$107,853,150, based on the closing prices of the Shares of HK\$0.088 and HK\$0.111 as at the date of the Announcement and the Latest Practicable Date, respectively.

The Conversion Shares shall rank *pari passu* in all respects with the Shares then in issue on the date of allotment and issue thereof. The Company will seek the Specific Mandate from the Shareholders at the EGM for the allotment and issue of the Conversion Shares.

The Directors consider that principal terms of the Convertible Preference Shares are fair and reasonable and in the interest of the Company and its shareholders, based on the following factors:

- (i) the Issue Price was set with reference to the market price of the Shares under the present market conditions and in particular represented a premium of approximately 13.6% over the closing price per Share as quoted on the Stock Exchange on the date of the Redemption Notice;
- (ii) the Group has been loss-making and no dividend payments were recommended to the Shareholders in the recent financial years, the Company believes that no fixed dividend for holders of Convertible Preference Shares shall procure a fair treatment between both the holders of Convertible Preference Shares and ordinary Shares; and
- (iii) the Directors consider it a common term that the Convertible Preference Shares are to be convertible on a one-to-one basis upon exercise of the conversion rights attaching to them into the Shares at any time after Issuance and no additional consideration or conversion price to be required for such exercise.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company (i) as at the Latest Practicable Date and (ii) immediately after completion of the Issuance and assuming full conversion of the Convertible Preference Shares:

	As at the Latest Practicable Date		Immediately after completion of the Issuance and assuming full conversion of the Convertible Preference Shares (Note)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Bondholder	398,536,002	26.28	1,370,186,002	55.08
Wong Li Fong	15,000	0.00	15,000	0.00
Public shareholders	<u>1,117,669,197</u>	<u>73.72</u>	<u>1,117,669,197</u>	<u>44.92</u>
Total	<u>1,516,220,199</u>	<u>100.00</u>	<u>2,487,870,199</u>	<u>100.00</u>

Note: This column is for illustration purpose only as the terms of the Convertible Preference Shares provide that no conversion shall take place if the relevant holder of Convertible Preference Share and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 30% or more of the entire issued share capital of the Company or otherwise trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.

REASONS FOR THE REDEMPTION

The Group is principally engaged in (i) the investment in energy and natural resources related projects; and (ii) the provision of loan financing, as well as investment and management consultation services.

Background information of the Convertible Bonds

Reference is made to the circular of the Company dated 24 September 2013 in relation to the Company's very substantial acquisition and connected transaction of the acquisition (the "Acquisition") of Treasure Join Limited involving the issue of promissory notes and convertible bonds to the Bondholder. The Acquisition was completed on 11 October 2013. The conversion price of the convertible bonds issued under the Acquisition is HK\$0.37 per conversion share. As at the Latest Practicable Date, the outstanding principal amount of the Convertible Bonds is HK\$97,165,000 which are convertible into 262,608,108 conversion shares of the Company upon full conversion.

LETTER FROM THE BOARD

The principal terms of the Convertible Bonds are as follows:

Issuer	:	The Company
Outstanding principal amount	:	HK\$97,165,000
Maturity and redemption	:	Due on the 5th anniversary of the date of issue, i.e. 11 October 2018. The Company shall redeem any Convertible Bonds which remain outstanding on the maturity date at its principal amount.
Interest	:	Interest free
Conversion price	:	HK\$0.37 per conversion share

As shown in the above, the Convertible Bonds will be due on 11 October 2018. In view of the approaching financial year end of the Company, the Board had discussed with and was informed by the Bondholder that it would not be his intention to exercise the conversion rights attaching to the Convertible Bonds under the original terms nor extending the maturity date of the Convertible Bonds. As such, it was agreed by both parties in relation to the subsequent handling of the Convertible Bonds before the maturity date in the coming financial year by way of the Redemption.

The Directors consider that the Redemption and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole, based on the following factors:

(i) Enhancing the Company's financial position

The Convertible Bonds will be due on 11 October 2018. According to the Company's interim report for the six months ended 30 September 2017, the Company recorded bank balances and cash of approximately HK\$26.5 million as at 30 September 2017. The existing cash level of cash will not be sufficient to repay the Convertible Bonds on the due date. Assuming that the Redemption does not take place, the fair value of the liability component of the Convertible Bonds shall be classified as current liabilities and may adversely affect the net current assets position of the Company as at the coming financial year end at 31 March 2018. As such, it is considered necessary for the Company to redeem the Convertible Bonds before its maturity.

LETTER FROM THE BOARD

(ii) Improving the gearing ratio of the Company

Upon the Issuance, the fair value of the liability component of the Convertible Bonds will be derecognized from the financial statements of the Company (as the Convertible Bonds are classified as compound instruments under the accounting policy of the Company) and the Convertible Preference Shares will be recognized as equity of the Company. This would in turn reduce the gearing ratio, enlarge the capital base and increase the net current assets position of the Company, assuming that the fair value of the liability component of the Convertible Bonds shall be classified as current liabilities if the Redemption does not take place.

(iii) Enhancing the Company's capital base

The Issuance effectively capitalizes the amount due under the Convertible Bonds without creating an immediate dilution effect on the Shares. It is expected that the Issuance would enlarge the Company's capital base. Although conversion in full of the Convertible Preference Shares may have a considerable dilution effect on the shareholdings of the Shareholders, given that (i) the Redemption will have a positive effect on the financial position of the Group; (ii) the potential dilution effect is not immediate; and (iii) the Issue Price is at a premium to the market price of the Shares on the date of the Announcement, the Directors consider that the dilution effect is justifiable.

(iv) Facilitating the Group's business expansion

The Redemption enables the Company to be better positioned to seize market opportunities as they arise and reserve more cash for working capital and business expansion. Furthermore, as the Company's main source of revenue is generated from the interest income from loan financing activities, a high gearing ratio will result in limitation on business expansion.

In order to raise funds to meet its funding requirement for the repayment of Convertible Bonds, the Directors have considered alternative fund-raising possibilities including but not limited to debt financing from financial institutions and other equity fund-raising methods from securities firms. However, having considered, among other things, the size of the fund-raising, no positive feedback was received from the counter-parties. As such, the Board considers the Redemption is the most appropriate method to set-off the Convertible Bonds and is beneficial to the Company. The Directors are of the view that the Redemption will provide an opportunity to further strengthen the financial position and capital base of the Group. Hence, the Board considers that the Redemption is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE REDEMPTION TO THE GROUP

According to the Company's interim report for the six months ended 30 September 2017, the Company recorded net current assets of approximately HK\$219.4 million as at 30 September 2017. Upon completion of the Redemption and Issuance, the liquidity of the Group will be improved as the Redemption will set-off the outstanding Convertible Bonds in the amount of approximately HK\$97,165,000 and the Convertible Preference Shares will be recognized as equity of the Company. Accordingly, the gearing ratio, net current assets and current ratio of the Company are expected to be improved, assuming that the fair value of the liability component of the Convertible Bonds shall be classified as current liabilities if the Redemption does not take place.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

During the past twelve months immediately before the Latest Practicable Date, the Company conducted the following equity fund raising activity:

Date of announcement	Event	Net proceeds	Use of proceeds
12 December 2017 and 20 December 2017	Top-up placing of shares	Approximately HK\$12.24 million	General working capital

Save as the aforesaid, the Company has not carried out other equity fund raising activities during the twelve months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Company had 1,516,220,199 Shares in issue. The Bondholder is a substantial Shareholder, the chairman of the Company and an executive Director who held approximately 26.28% of the total issued share capital of the Company as at the Latest Practicable Date and therefore is a connected person of the Company. The Redemption constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the Bondholder has material interests in the Redemption, the Bondholder and its associates are required to abstain from voting on the relevant resolution in relation to the Redemption and the transactions contemplated thereunder at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Redemption and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard. It makes reference to the IFA letter.

LETTER FROM THE BOARD

EGM

As such, the EGM will be held at 10:00 a.m. on Tuesday, 17 April 2018 at Room 802, 8/F, Lippo Centre, Tower 2, 89 Queensway, Admiralty, Hong Kong, for the Independent Shareholders to consider and approve, if thought fit, the Redemption and the transactions contemplated thereunder.

The notice of EGM is set out on pages 37 to 39 of this circular. A form of proxy for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend or vote at the EGM in person, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar, Tricor Securities Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event no later than Sunday, 15 April 2018 at 10:00 a.m. (Hong Kong Time). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the cases may) if you so desire.

Pursuant to Rule 13.39(4) of the Listing Rules, the resolution to be proposed at the EGM will be taken by poll, the results of which will be announced after the EGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder will be required to abstain from voting on the resolution to be proposed at the EGM.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 16 to 17 of this circular which contain its recommendation to the Independent Shareholders in relation to the Redemption and the transactions contemplated thereunder. Your attention is also drawn to the letter of advice from the Independent Financial Adviser as set out on pages 18 to 31 of this circular which contain its advice to the Independent Board Committee and the Independent Shareholders in relation to the Redemption and the transactions contemplated thereunder. You are advised to read the said letters from the Independent Board Committee and the Independent Financial Adviser before deciding how to vote at the EGM.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the opinion that the Redemption and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned. While the Redemption and the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, they are in the interest of the Company and its Shareholders as a whole and accordingly recommends the Independent Shareholders to vote in favor of the resolution relating to the Redemption and the transactions contemplated thereunder to be proposed at the EGM.

LETTER FROM THE BOARD

Accordingly, the Directors (including the independent non-executive Directors having taken into account the advice of the Independent Financial Adviser) consider that the Redemption and the transactions contemplated thereunder are in the interest of the Company and Shareholders as a whole. Therefore, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

By order of the Board
Sino Prosper (Group) Holdings Limited
Leung Ngai Man
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



SINO PROSPER (GROUP) HOLDINGS LIMITED
中盈(集團)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 766)

7 March 2018

To the Independent Shareholders,

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RELATION TO
REDEMPTION OF CONVERTIBLE BONDS BY WAY OF ISSUANCE
OF CONVERTIBLE PREFERENCE SHARES**

We refer to the circular dated 7 March 2018 (the “**Circular**” issued by the Company, of which this letter forms part. Unless the context otherwise requires, capitalized terms used herein have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on whether the Redemption and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to (i) the “Letter from the Board”; (ii) the “Letter from the Independent Financial Adviser” to the Independent Board Committee and the Independent Shareholders which contains its advice in respect of the Redemption and the transactions contemplated thereunder; and (iii) the additional information as set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the opinion of the Independent Financial Adviser and, in particular, the factors, reasons and recommendation as set out in the “Letter from the Independent Financial Adviser” on pages 18 to 31 of the Circular, we consider that the Redemption and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned. While the Redemption and the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, they are in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution as set out in the notice of EGM to approve the Redemption and the transactions contemplated thereunder at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

Ms. Xuan Hong

Mr. Cai Wei Lun

Mr. Zhang Qingkui

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in respect of the Redemption, which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Room 1106, 11/F,
Wing On Centre,
111 Connaught Road Central,
Hong Kong

7 March 2018

*To the Independent Board Committee and the Independent Shareholders of
Sino Prosper (Group) Holdings Limited*

Dear Sirs,

**CONNECTED TRANSACTION
IN RELATION TO
REDEMPTION OF CONVERTIBLE BONDS BY WAY OF ISSUANCE
OF CONVERTIBLE PREFERENCE SHARES**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Redemption, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in this circular (the “**Circular**”) dated 7 March 2018 issued by the Company, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 12 February 2018 (after trading hours), the Company has served the Redemption Notice for its intention to redeem the whole of the outstanding principal amount of HK\$97,165,000 of the Convertible Bonds held by the Bondholder, in consideration of the issuance of 971,650,000 Convertible Preference Shares. On the same day, the Bondholder has accepted the Redemption Notice.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Bondholder is a substantial Shareholder, the chairman of the Company and an executive Director holding approximately 26.28% of the total issued share capital of the Company on 12 February 2018 and therefore is a connected person of the Company. The Redemption constitutes a connected transaction and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the Bondholder has material interests in the Issuance, the Bondholder and its associates are required to abstain from voting on the relevant resolutions in relation to the Redemption and the transactions contemplated thereunder at the EGM. Save for the Bondholder and its associates, no other Shareholder was required to abstain from voting on the resolutions for approving the Agreements and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Xuan Hong, Mr. Cai Wei Lun and Mr. Zhang Qingkui, has been established to advise the Independent Shareholders as to whether the terms of the Redemption and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. We, Veda Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we were not aware of any relationships or interest between Veda Capital and the Company or any other parties that could be reasonably be regarded as hindrance to Veda Capital's independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Redemption and the transaction contemplated thereunder. We are not associated with the Company, its subsidiaries, its associates or their respective substantial Shareholders or associates, and accordingly, are eligible to give independent advice and recommendations on the terms of the undertaking and the transactions contemplated thereunder. In the last two years, there has been no engagement between the Group and Veda Capital Limited. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial Shareholders or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statements in the Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Redemption and in giving our recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Background of and information on the Group

As noted from the Board Letter, on 12 February 2018 (after trading hours), the Company has served and the Bondholder has accepted, the Redemption Notice in relation to the redemption of the Convertible Bonds in the principal amount of HK\$97,165,000 by way of issuance of 971,650,000 Convertible Preference Shares. On the same day, the Bondholder has accepted the Redemption Notice.

The Company is principally engaged in investment holding. The Group is principally engaged in (i) investment holding; (ii) the investment in energy and natural resources related projects; (iii) the provision of loan financing, as well as investment and management consultation services in the PRC; and (iv) the provision of advising on securities and securities dealing and brokerage services in Hong Kong.

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2. Reasons for entering into the Redemption Notice

As set out in the Board Letter, the Directors consider that the Redemption and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole, based on the following factors:

(i) Enhancing the Company's financial position

The Convertible Bonds will be due on 11 October 2018. According to the Company's interim report for the six months ended 30 September 2017 (the "IR 2017"), the Company recorded bank balances and cash of approximately HK\$26.5 million as at 30 September 2017. The existing cash level will not be sufficient to repay the Convertible Bonds on the due date. Assuming that the Redemption does not take place, the fair value of the liability component of the Convertible Bonds shall be classified as current liabilities and may adversely affect the net current assets position of the Company as at the coming financial year end at 31 March 2018. The financial position of the Group could be improved if the Company redeems the Convertible Bonds before its maturity.

(ii) Improving the gearing ratio of the Company

Upon the Issuance, the fair value of the liability component of the Convertible Bonds will be derecognized from the financial statements of the Company (as the Convertible Bonds are classified as compound instruments under the accounting policy of the Company) and the Convertible Preference Shares will be recognized as equity. This would in turn reduce the gearing ratio, enlarge the capital base and increase the net current assets position of the Company, assuming that the fair value of the liability component of the Convertible Bonds shall be classified as current liabilities if the Redemption does not take place.

(iii) Enhancing the Company's capital base

The Issuance effectively capitalizes the amount due under the Convertible Bonds without creating an immediate dilution effect on the Shares. It is expected that the Issuance would enlarge the Company's capital base. Although conversion in full of the Convertible Preference Shares may have a considerable dilution effect on the shareholdings of the Shareholders, given that (i) the Redemption will have a positive effect on the financial position of the Group, (ii) the potential dilution effect is not immediate and (iii) the Issue Price is at a premium to the market price of the Shares on the date of the Announcement, the Directors consider that the dilution effect is justifiable.

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(iv) Facilitating the Group's business expansion

The Redemption enables the Company to be better positioned to seize market opportunities as they arise and reserve more cash for working capital and business expansion. Furthermore, as the Company's main source of revenue is generated from the interest income from loan financing activities, a high gearing ratio will result in limitation on business expansion.

We have also analyzed the conversion of the Convertible Bonds to Convertible Preference Shares and discovered the following key findings:

Lower leverage for the Company

The Convertible Bonds will be due on 11 October 2018. As noted in the IR 2017, the Company recorded bank balances and cash of approximately HK\$26.5 million as at 30 September 2017 which will not be sufficient to repay the Convertible Bonds on the due date. The Redemption will provide an alternative way for the Company to redeem the Convertible Bonds when due and ensure that the Company has sufficient working capital for its operations.

The Convertible Bonds are accounted in the Company's financial statements as compound financial instruments, which contain both a liability component and an equity component. The liability component of the Convertible Bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of issuance to similar liabilities that do not have a conversion option. Any excess of the fair value of the Convertible Bonds over the amount initially recognised as the liability component is recognised as the equity component.

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Reducing the finance costs of the Group

As noted from the IR 2017 and the annual report of the Company for the year ended 31 March 2017 (the “AR 2017”), the Group recorded finance costs based on the effective interest rate of the Convertible Bonds of approximately HK\$7.51 million and approximately HK\$14.25 million respectively. The effective interest rate is adopted in calculating the finance cost of the Convertible Bonds to reflect the amortized cost of the Convertible Bonds based on the accounting policies of the Group. Although the Convertible Bonds is interest free as stated in the agreements of the Convertible Bonds, the effective interest rate of the Convertible Bonds is approximately 19% per annum. The finance costs of the Convertible Bonds accounted for approximately 51.47% to the revenue of the Group of approximately HK\$14.60 million for the six months ended 30 September 2017 and approximately 51.70% to the revenue of the Group of approximately HK\$27.56 million for the year ended 31 March 2017. This would impose a significantly negative effect on the Group’s financial performance. By converting the Convertible Bonds to Convertible Preference Shares, the Company would reap immediate benefits by eliminating the amortization impact which the Convertible Bonds have on the profit or loss account of the Company. Moreover, the reduction in liability would mean that the Company would have lowered its gearing ratio thus leading to an improved borrowing capacity, benefitting the Company in the long run. Therefore, we concur with the management of the Company that the Redemption of the Convertible Bonds will apparently reduce the finance costs burden to the Group and strengthen the capital base of the Company, which will be more positive for the Company’s future business development, in particular, the loan financing activities and in the interest of the Shareholders.

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3. Key Terms of the Redemption Notice and the Convertible Preference Shares

Principal terms of the Redemption Notice and the Convertible Preference Shares

- Issue and payment : Subject to the passing of the relevant resolution at the EGM, all the Convertible Preference Shares shall be issued on the issue date, credited as fully paid for the consideration.
- Dividend : The Convertible Preference Shares shall confer on the holders thereof the right to receive out of the funds of the Company available for distribution before the ordinary Shareholders.
- Return of capital : On a return of capital on liquidation or otherwise, the Convertible Preference Shares shall confer on the holder(s) the right to be paid, in priority to any return to assets in respect of any other class of shares in the capital of the Company, *pari pasu* as between themselves an amount equal to the aggregate Issue Price of the Convertible Preference Shares.
- Transferability : The Convertible Preference Shares shall be transferrable.
- Voting rights : Holder(s) of the Convertible Preference Shares shall not be entitled to vote at any general meeting of the Company, unless a resolution is to be proposed for winding up the Company or a resolution is to be proposed which if passed would vary the rights or privileges of the holder(s) of the Convertible Preference Shares.
- Conversion : The Convertible Preference Shares shall be convertible into one Conversion Shares within 5 Business Days by such holder serving the written notice to the Company at any time after issuance without the payment of any additional consideration.

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Such conversion by the Company shall be subject to the following conditions: (i) immediately after such conversion, the public float of the Shares remains above the minimum public float requirements stipulated under the Listing Rules; and (ii) to the extent that following such conversion, the relevant holder(s) of the Convertible Preference Shares and parties acting in concert with it, taken together, shall not directly or indirectly, control or be interested in 30% or more of the entire issue capital of the Company or otherwise trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.

Listing : The Convertible Preference Shares shall not be listed on any stock exchange. However, an application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Principal terms of the Convertible Bonds

Principal amount : HK\$97,165,000

Maturity date : Due on 11 October 2018

Interest : Interest free

Redemption on maturity date : the principal amount of the Convertible Bonds

Conversion price : The conversion price of HK\$0.37 per conversion share

Issue Price

The Issue Price of HK\$0.10 per Convertible Preference Shares which represents:

- (i) a premium of approximately 13.6% over the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on 12 February 2018, the date of the Redemption Notice;

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- (ii) a premium of approximately 8.7% to the average closing price of HK\$0.092 per Share as quoted on the Stock Exchange for the last five trading days up to and including 9 February 2018, the last trading day immediately preceding the date of the Redemption Notice; and
- (iii) equal to the average closing price of HK\$0.100 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 9 February 2018, the last trading day immediately preceding the date of the Redemption Notice.

As noted from the Board Letter, the Directors consider that principal terms of the Convertible Preference Shares are fair and reasonable and in the interest of the Company and its shareholders, based on the following factors:

- (i) the Issue Price was set with reference to the market price of the Shares under the present market conditions and in particular represented a premium of approximately 13.6% over the closing price per Share as quoted on the Stock Exchange on the date of the Redemption Notice;
- (ii) the Group has been loss-making and no dividend payments were recommended to the Shareholders in the recent financial years, the Company believes that no fixed dividend for holders of Convertible Preference Shares shall procure a fair treatment between both the holders of Convertible Preference Shares and ordinary Shares; and
- (iii) the Directors considers it a common term that the Convertible Preference Shares are to be convertible on a one-to-one basis upon exercise of the conversion rights attaching to them into the Shares at any time after Issuance and no additional consideration or conversion price to be required for such exercise.

As set out in the IR 2017, AR 2017 and the annual report of the Company for the year ended 31 March 2016, the Company did not pay any dividend for the respective financial years. No fixed dividend for holders of Convertible Preference Shares shall procure a fair treatment between both the holders of Convertible Preference Shares and ordinary Shares. Moreover, the Issue Price was set at a premium of approximately 13.6% over the closing price per Share on the date of the Redemption Notice and it is a common term for the conversion of the Convertible Preference Shares to be on a one-to-one basis upon exercise of the conversion rights attaching to them into the Shares at any time after Issuance and no additional consideration or conversion price to be required for such exercise.

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Shareholding Structure

Set out below are the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Issuance and assuming full conversion of the Convertible Preference Shares:

	As at the Latest Practicable Date		Immediately after completion of the Issuance and assuming full conversion of the Convertible Preference Shares (Note)	
	<i>Number of</i>		<i>Number of</i>	
	<i>Shares</i>	<i>Approximate %</i>	<i>Shares</i>	<i>Approximate %</i>
The Bondholder	398,536,002	26.28	1,370,186,002	55.08
Wong Li Fong	15,000	0.00	15,000	0.00
Public shareholders	<u>1,117,669,197</u>	<u>73.72</u>	<u>1,117,669,197</u>	<u>44.92</u>
Total	<u><u>1,516,220,199</u></u>	<u><u>100.00</u></u>	<u><u>2,487,870,199</u></u>	<u><u>100.00</u></u>

Note: This column is for illustration purpose only as the terms of the Convertible Preference Shares provide that no conversion shall take place if the relevant holder of Convertible Preference Shares and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 30% or more of the entire issued share capital of the Company or otherwise trigger a mandatory offer obligation under Rule 26 of the Takeovers Code.

The table above illustrates that the shareholding of the existing public Shareholders would decrease from approximately 73.72% as at the Latest Practicable Date to approximately 44.92% upon full utilisation of the Convertible Preference Shares and such potential dilution to the shareholding of the existing public Shareholders represents a maximum dilution of approximately 28.8%. However, having considered that no conversion shall take place if the relevant holder of Convertible Preference Shares and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 30% or more of the entire issued share capital of the Company or otherwise trigger a mandatory offer obligation under Rule 26 of the Takeovers Code while the shareholding of the Bondholder was approximately 26.28% as at the Latest Practicable Date that is slightly below the threshold of the 30% for the conversion restriction, the maximum potential dilution is for illustrative purpose only. Therefore, we are of the opinion that the principal terms of the Convertible Preference Shares are fair and reasonable and are in the interest of the Company and the Shareholders.

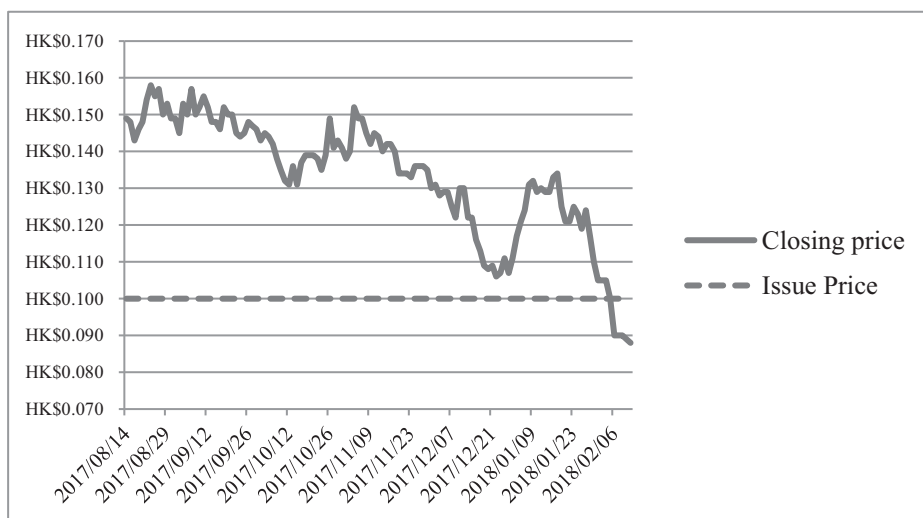
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To further assess the fairness and reasonableness of the Issue Price, we set out the following analyses for illustrative purposes:

Review on historical price movement of the Shares

The following exhibit shows the historical price movement of the Shares from 14 August 2017 (being approximately 6 months prior to the date of the Redemption Notice) up to the date of the Redemption Notice (the “**Review Period**”).

Chart 1: Share price performance against the Issue Price during the Review Period



Source: the Stock Exchange website (www.hkex.com.hk)

During the Review Period, the closing price of the Shares was in a downward trend and closed between HK\$0.088 and HK\$0.158. We also noted that the closing price of the Shares dropped significantly from HK\$0.152 on 3 November 2017 to HK\$0.106 on 22 December 2017 which representing a drop of 30.26%. As advised by the Company, the Directors did not aware of any reason for such drop. During the period from 6 February 2018 to the date of the Redemption Notice, the closing price of the Shares remained stable and closed between HK\$0.088 and HK\$0.090.

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Taking into consideration factors including (i) the downward trend of the Share price during the Review Period; (ii) the Issue Price represented a premium of approximately 13.06% and 8.7% over the closing price per Share on the date of the Redemption Notice and the average closing prices of the Shares for last five trading days up to and including the date of the Redemption Notice and equal to the average closing price of approximately HK\$0.10 per Share for the last ten trading days up to and the date of the Redemption Notice; (iii) the Issue Price is within the range of the closing price of the Shares during the Review Period; and (iv) the share price of the Company dropped to around HK\$0.09 per Share and remained relatively stable since 8 February 2018 while the Issue Price of HK\$0.1 represents a premium of approximately 11.11% over HK\$0.09 per Share, we are of the view that the Issue Price is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

4. Other financing alternatives

As noted from the Board Letter, in view of the approaching financial year end of the Company, the Board had discussed with and was informed by the Bondholder that it would not be his intention to exercise the conversion rights attaching to the Convertible Bonds under the original terms nor extending the maturity date of the Convertible Bonds. As such, it was agreed by both parties in relation to the subsequent handling of the Convertible Bonds before the maturity date in the coming financial year by way of the Redemption.

Since the Company was informed by the Bondholder that the Bondholder had no intention to exercise the conversion rights attaching to the Convertible Bonds under the original terms or extend the maturity date of the Convertible Bonds, the Company has also considered alternative financing activities, including but not limited to debt financing and other forms of equity financing such as rights issue and open offer, and placing of shares of the Company.

(i) Debt financing

As discussed in the paragraph headed “2. Reasons for entering into the Redemption Notice”, the reasons of entering into of the Redemption Notice is to enhance the Company’s financial position and improve the gearing ratio of the Group. After taking into account of the Group’s operating condition and financial position and due to the consecutive losses incurred in the past financial years, the Directors considered that debt financing may incur interest burden on the Group as well as worsening the gearing ratio of the Group. Also, debt financing may be subject to lengthy due diligence and negotiations with banks or financial institutions taking into account the Group’s financial position as discussed above and the then financial market condition.

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(ii) Placement of new Shares to independent investors

The Company believes that, given the current market volatility, price fluctuation of the Shares and the Group's financial position, it would be difficult to procure placing agent(s) to seek for independent investors with a reasonable placing commission fee and there is no guarantee the Company can raise the required funding amount through placing of Shares. Provided that now the Bondholder is willing to subscribe the Convertible Preference Shares, the Company could avoid bearing high placing commission fee, long period of time for placing agent(s) to procure places and most importantly allowing the Company to secure a consideration amount of funding.

(iii) Other form of equity financing

Despite that both open offer and rights issue would allow the Shareholders to participate in the subscription on new Shares to be issued by the Company and maintain their respective pro-rata shareholdings in the Company, the Directors are of the view that it will involve existing Shareholders increasing their amount of investment in the Company, which may not be their original intention since the Company has been loss-making and its existing businesses are not expected to achieve significant growth in the short term to be able to improve its financial condition. Furthermore, the time required to execute a rights issue or an open offer is relatively longer as compared to the Redemption and involve additional cost and works such as (i) identifying underwriter(s) with favorable terms; and (ii) administrative work for preparation and issue of related documents such as prospectus and application forms for acceptance as well as unaudited pro forma financial information to be included in the prospectus.

Having considered the above, and provided that the Bondholder had no intention to exercise the conversion rights attaching to the Convertible Bonds under the original terms or extend the maturity date of the Convertible Bonds and the Redemption entitles the Group to have an opportunity to further benefit from potential investment from the Bondholder in the form of the Convertible Preference Shares which can be converted into listed securities of the Company, we consider the Redemption is a more appropriate mean for the settlement to the outstanding Convertible Bonds as compared to other financing alternatives.

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RECOMMENDATION

Having considered the factors above, whereby (i) the conversion of the Convertible Bonds to the Convertible Preference Shares will enhance the financial performance of the Group; (ii) the liability on the Company's balance sheet is reduced and the equity is strengthened, from which the gearing ratio of the Company will be improved as well; (iii) the Company does not incur additional consideration (besides issuance of the Convertible Preference Shares) to obtain the benefits of the Convertible Preference Shares; (iv) the terms of the Redemption are considered fair and reasonable, in particular, given the deteriorating financial condition of the Group while the Issue Price is at a premium for the Bondholder; and (v) the Redemption is a more preferred mean of the redemption of the Convertible Bonds, we are of the opinion that, though it is not in the ordinary and usual course of business of the Company, the conversion of the Convertible Bonds to the Convertible Preference Shares is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interest of the Company and its Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the resolution to approve the issuance of the Convertible Preference Shares as consideration for the purchase and cancellation of the Convertible Bonds at the forthcoming EGM.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

Note: Ms. Julisa Fong is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 21 years of experience in investment banking and corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

I. Interest of Directors and chief executive in the shares, underlying Shares and debentures

As at the Latest Practicable Date, the following Director had interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers relating to securities transactions by Directors were as follows:

Name	Number of Shares	Equity derivatives	Total	Approximate percentage of issued share capital (Note 2)
Mr. Leung Ngai Man	398,536,002	1,234,258,108 (Note 1)	1,632,794,110	107.69%
Ms. Wong Li Fong	15,000	–	15,000	0.00%

Notes:

- These equity derivatives comprise (i) 238,108,108 Shares to be allotted and issued upon exercise of conversion rights attaching to the remaining outstanding Convertible Bonds; and (ii) 971,650,000 Shares to be allotted and issued upon the exercise of conversion rights attaching to the Convertible Preference Shares.
- The percentage is calculated on the basis of 1,516,220,199 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Last Practicable Date, none of the Directors nor the chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange (a) pursuant to Division 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers relating to securities transactions by Directors.

II. Interest and short position of substantial shareholder in the Shares, underlying Shares and debentures

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors and having made reasonable enquiries, there was no person (not being a Director or a chief executive of the Company) who had an interest and/or a short position in the Shares and/or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

III. Other interests disclosable under the SFO

Save as disclosed above, so far as is known to the Directors, there is no other person who has an interest or short position in the Shares and underlying Shares that is required to be disclosed under section 336 of the SFO.

IV. Share option schemes

The Company's share option scheme (the "**2002 Scheme**") was adopted pursuant to a resolution passed on 25 April 2002 for the primary purpose of providing incentives to eligible participants. During the year ended 31 March 2013, the 2002 Scheme was terminated and a new share option scheme (the "**2012 Scheme**") was adopted by the Company on 20 April 2012. Similar to the 2002 Scheme, the primary purpose of the 2012 Scheme is to provide incentives to eligible participants.

As at the Latest Practicable Date, detailed movements relating to the Company's share options granted under the 2002 Scheme and the 2012 Scheme were as follows:

2012 Scheme

Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1/10/2017	Number of share options				Outstanding as at the Latest Practicable Date
				Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
24 May 2013	24 May 2013 to 23 May 2023	0.192	7,000,000	-	-	-	-	7,000,000
08 July 2013	8 July 2013 to 7 July 2023	0.200	7,700,000	-	-	-	-	7,700,000
29 December 2017	29 December 2017 to 20 April 2022	0.107	-	41,400,000	-	-	-	41,400,000
			<u>14,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,100,000</u>
Exercisable as at the Latest Practicable Date								<u>56,100,000</u>

2002 Scheme

Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1/10/2017	Number of share options				Outstanding as at the Latest Practicable Date
				Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
14 May 2008	14 May 2008 to 13 May 2018	1.360	1,200,000	-	-	-	-	1,200,000
4 May 2010	4 February 2011 to 3 May 2020	3.000	3,000,000	-	-	-	-	3,000,000
			<u>4,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,200,000</u>
Exercisable as at the Latest Practicable Date								<u>4,200,000</u>

Save as disclosed above, no share options granted under the 2002 Scheme and 2012 Scheme were exercised during the period.

3. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors has any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Company were made up.

None of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole, save for the Redemption Notice.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service agreement with any member of the Group which does not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

None of the directors nor the substantial Shareholder of the Company nor their respective associates had any interest in a business which competed or might compete with the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest audited financial statements of the Company were made up.

7. EXPERT AND CONSENT

The following is the qualification of the expert whose letter is contained in this circular:

Name	Qualification
Veda Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Veda Capital Limited has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice, opinion and/or reports and references to its name, in the form and context in which they respectively appeared.

As at the Latest Practicable Date, Veda Capital Limited has no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and has no direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2016, being the date to which the latest published audited financial statements of the Company were made up.

8. LITIGATION

As at the latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's principal place of business in Hong Kong at Room 802, 8/F, Lippo Centre, Tower 2, 89 Queensway, Admiralty, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. on any Business Day from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the Redemption Notice;
- (c) the written consent of expert referred to in the paragraph headed "**EXPERT AND CONSENT**" in this Appendix;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 in this circular;
- (e) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 31 in this circular; and
- (f) this circular.

NOTICE OF EGM



SINO PROSPER (GROUP) HOLDINGS LIMITED 中盈(集團)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 766)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Sino Prosper (Group) Holdings Limited (the “**Company**”) will be held at 10:00 a.m. on Tuesday, 17 April 2018 at Room 802, 8/F, Lippo Centre, Tower 2, 89 Queensway, Admiralty, Hong Kong for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the early redemption (the “**Redemption**”) of the whole of the outstanding principal amount of the convertible bonds due 11 October 2018 issued by the Company on 11 October 2013 to the Bondholder (as defined in the circular dated 7 March 2018 despatched to the shareholders of the Company (the “**Circular**”)) in consideration of the issuance of non-redeemable and convertible preference shares to the Bondholder pursuant to the Redemption Notice (as defined in the Circular and a copy of which has been produced to this meeting marked “**A**” and signed by the chairman hereof for the purpose of identification), and all the transactions contemplated under the Redemption Notice be and are hereby approved, confirmed and ratified;
- (b) the terms and conditions of the Convertible Preference Shares (as defined in the Circular and a copy of which has been produced to this meeting marked “**B**” and signed by the chairman hereof for the purpose of identification) as set out in the Redemption Notice in relation to the issuance of the Convertible Preference Shares by the Company to the Bondholder under the Specific Mandate (as defined below) be and is hereby approved, and shall, subject to the articles of association of the Company, constitute the entire terms of the Convertible Preference Shares;

NOTICE OF EGM

- (c) the grant of specific mandate (the “**Specific Mandate**”) to the directors (the “**Directors**”) of the Company to allot and issue new shares in the capital of the Company from time to time upon exercise of the conversion rights pursuant to the terms of the Convertible Preference Shares be and are hereby approved, and the Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and
- (d) any one director of the Company be and is hereby authorized to do all such acts and things as he/she in his/her sole and absolute discretion deems necessary, desirable or expedient to implement and/or give effect to the terms of the Redemption, including the creation, allotment and issue of the Convertible Preference Shares in accordance with the terms of the Redemption Notice, and the issue and allotment of new shares in the capital of the Company from time to time upon exercise of the conversion rights pursuant to the terms of the Convertible Preference Shares.”

By order of the Board
Sino Prosper (Group) Holdings Limited
Leung Ngai Man
Chairman and Executive Director

Hong Kong, 7 March 2018

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 802, 8/F, Lippo Centre
Tower 2, 89 Queensway, Admiralty
Hong Kong

NOTICE OF EGM

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or, if he/she is the holder of two or more shares of the Company, more than one proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy needs not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish and in such event, the form of proxy shall be deemed to be revoked.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Securities Limited at Level 22, Hopewell Centre 183 Queen's Road East, Hong Kong no later than Sunday, 15 April 2018 at 10:00 a.m. (Hong Kong Time).
4. In the case of joint holders of shares of the Company, any one of such holders may attend and vote at the EGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. The register of members will be closed from Thursday, 12 April 2018 to Tuesday, 17 April 2018 both days inclusive, during which no transfer of shares will be registered. In order to be entitled to attend and vote at the EGM to be held on Tuesday, 17 April 2018, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Securities Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Wednesday, 11 April 2018.

As at the date hereof, the executive Directors of the Company are Mr. Leung Ngai Man and Ms. Wong Li Fong, and the independent non-executive Directors of the Company are Ms. Xuan Hong, Mr. Cai Wei Lun and Mr. Zhang Qingkui.